

House File 2460

S-5220

1 Amend House File 2460, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting clause
4 and inserting:

5 <Section 1. Section 11.11, Code Supplement 2011, is
6 amended to read as follows:

7 **11.11 Scope of audits.**

8 The written report of the audit of a governmental
9 subdivision shall include the auditor's opinion as
10 to whether a governmental subdivision's financial
11 statements are presented fairly in all material
12 respects in conformity with generally accepted
13 accounting principles or with an other comprehensive
14 basis of accounting. As a part of conducting an
15 audit of a governmental subdivision, an evaluation of
16 internal control and tests for compliance with laws and
17 regulations shall be performed. As part of conducting
18 an audit of a governmental subdivision, an examination
19 of the governmental subdivision's compliance with the
20 reporting requirements of section 331.403, subsection
21 3, or 384.22, subsection 2, if applicable, shall be
22 performed.

23 Sec. 2. Section 24.21, Code 2011, is amended to
24 read as follows:

25 **24.21 Transfer of inactive funds.**

26 Subject to the provisions of any law relating to
27 municipalities, when the necessity for maintaining any
28 fund of the municipality has ceased to exist, and a
29 balance remains in said fund, the certifying board or
30 levying board, as the case may be, shall so declare by
31 resolution, and upon such declaration, such balance
32 shall forthwith be transferred to the fund or funds of
33 the municipality designated by such board, unless other
34 provisions have been made in creating such fund in
35 which such balance remains. In the case of a special
36 fund created by a city or a county under section
37 403.19, such balance remaining in the fund shall be
38 allocated to and paid into the funds for the respective
39 taxing districts as taxes by or for the taxing district
40 into which all other property taxes are paid.

41 Sec. 3. Section 331.403, subsection 3, Code 2011,
42 is amended by striking the subsection and inserting in
43 lieu thereof the following:

44 3. a. Each county that had an urban renewal
45 plan and area in effect at any time during the most
46 recently ended fiscal year shall complete for each
47 such urban renewal plan and area and file with the
48 department of management an urban renewal report by
49 December 1 following the end of such fiscal year.
50 Each report shall be approved by the affirmative vote

1 of a majority of the board and be prepared in the
2 format and submitted electronically pursuant to the
3 instructions prescribed by the department of management
4 in consultation with the legislative services agency.

5 b. The report required under this subsection shall
6 include all of the following as of June 30 of the most
7 recently ended fiscal year or the information for such
8 fiscal year, as applicable:

9 (1) Whether the urban renewal area is determined by
10 the county to be a slum area, blighted area, economic
11 development area or a combination of those areas, and
12 the date such determination was made.

13 (2) A map clearly identifying the boundaries of the
14 urban renewal area.

15 (3) A copy of the ordinance providing for a
16 division of revenue in the urban renewal area under
17 section 403.19.

18 (4) A copy of the urban renewal plan adopted for
19 the urban renewal area, the date of each amendment to
20 the plan, and a copy of such amendment.

21 (5) A list and description of all urban renewal
22 projects within the urban renewal area that are in
23 process and all urban renewal projects that were
24 completed during the fiscal year.

25 (6) A description of each expenditure during the
26 fiscal year from the county's special fund created
27 in section 403.19. Each such expenditure shall be
28 classified by the county according to categories
29 established by the department of management and shall
30 be designated as corresponding to the specific loan,
31 advance, indebtedness, or bond which qualifies for
32 payment from the special fund under section 403.19.
33 Each such expenditure shall also be designated as
34 corresponding to one or more specific urban renewal
35 projects. This description shall not be required for
36 the report required to be filed on or before December
37 1, 2012.

38 (7) The amount of loans, advances, indebtedness,
39 or bonds, including interest negotiated on such loans,
40 advances, indebtedness, or bonds, which qualify for
41 payment from the special fund created in section
42 403.19, and which were incurred or issued during
43 the fiscal year. Each such loan, advance, debt, or
44 bond shall be classified by the county according to
45 categories established by the department of management
46 and shall be designated as corresponding to one or more
47 specific urban renewal projects.

48 (8) The amount of loans, advances, indebtedness,
49 or bonds that remain unpaid at the close of the fiscal
50 year, and which qualify for payment from the special

1 fund created in section 403.19, including interest
2 negotiated on such loans, advances, indebtedness, or
3 bonds.

4 (9) The total amount of property taxes that were
5 exempted, rebated, refunded, or reimbursed by the
6 county, used to fund a grant provided by the county,
7 or directly paid by the county during the fiscal year
8 for property in the urban renewal area using moneys in
9 the county's special fund created in section 403.19 and
10 such amounts agreed to by the county for future fiscal
11 years.

12 (10) A list of all properties, including the owner
13 of such properties, and the amount of property taxes
14 due and payable for the fiscal year that were exempted,
15 rebated, refunded, or reimbursed by the county, used to
16 fund a grant provided by the county, or directly paid
17 by the county during the fiscal year using moneys in
18 the county's special fund created in section 403.19 and
19 information for such amounts agreed to by the county
20 for future fiscal years.

21 (11) The balance of the county's special fund
22 created in section 403.19.

23 (12) The aggregate assessed value of the taxable
24 property in the urban renewal area, as shown on the
25 assessment roll used to calculate the amount of taxes
26 under section 403.19, subsection 1, for the fiscal
27 year.

28 (13) The aggregate assessed value of each
29 classification of taxable property located in the urban
30 renewal area.

31 (14) That portion of the assessed value of all
32 taxable property located in the urban renewal area that
33 was used to calculate the amount of excess taxes under
34 section 403.19, subsection 2.

35 (15) The amount of taxes determined under section
36 403.19, subsection 2, in excess of the amount required
37 to pay the applicable loans, advances, indebtedness,
38 and bonds, if any, and interest thereon, for the fiscal
39 year that was paid into the funds for the respective
40 taxing districts in the same manner as taxes on all
41 other property.

42 (16) Interest or earnings received by each urban
43 renewal area during the fiscal year on amounts
44 deposited into the special fund created in section
45 403.19 and the net proceeds during the fiscal year from
46 the sale of assets purchased using amounts deposited
47 into the special fund created in section 403.19.

48 (17) For each taxing district for which the
49 county divided taxes, the amount of taxes determined
50 under section 403.19, subsection 2, that, in lieu of

1 allocation to the taxing district, were deposited into
2 the county's special fund during the fiscal year.

3 (18) The amount of expenditures by the county
4 during the fiscal year for the purpose of providing or
5 aiding in the provision of public improvements related
6 to housing and residential development.

7 (19) The amount of assistance to low and moderate
8 income housing provided by the county under section
9 403.22 during the fiscal year if applicable.

10 (20) All other additional information or
11 documentation relating to a county's urban renewal
12 activities or use of divisions of revenue under chapter
13 403 deemed relevant by the department of management, in
14 consultation with the county finance committee.

15 c. By December 1, 2012, the department of
16 management, in collaboration with the legislative
17 services agency, shall make publicly available on
18 an internet site a searchable database of all such
19 information contained in the reports required under
20 this subsection. Reports from previous years shall be
21 retained by the department and shall continue to be
22 available and searchable on the internet site.

23 d. The legislative services agency, in consultation
24 with the department of management, shall annually
25 prepare a report for submission to the governor and
26 the general assembly that summarizes and analyzes the
27 information contained in the reports submitted under
28 this subsection, section 357H.9, subsection 2, and
29 section 384.22, subsection 2. The report prepared by
30 the legislative services agency shall be submitted not
31 later than February 15 following the most recently
32 ended fiscal year for which the reports were filed.

33 e. For purposes of this subsection, "indebtedness"
34 includes but is not limited to written agreements
35 whereby the county agrees to exempt, rebate, refund, or
36 reimburse property taxes, provide a grant for property
37 taxes paid, or make a direct payment of taxes, with
38 moneys in the special fund created in section 403.19,
39 and bonds, notes, or other obligations that are secured
40 by or subject to repayment from moneys appropriated by
41 the county from moneys in the special fund created in
42 section 403.19.

43 Sec. 4. Section 331.403, Code 2011, is amended by
44 adding the following new subsection:

45 NEW SUBSECTION. 4. The annual financial report
46 shall be prepared on forms and pursuant to instructions
47 prescribed by the department of management and shall
48 be filed with the department of management. The urban
49 renewal report shall be filed with the department of
50 management. Each report must be filed prior to the

1 publication and adoption of the county budget under
2 section 331.434 for the fiscal year beginning July
3 1 following the date such reports are due. If such
4 reports are not filed pursuant to the requirements of
5 this section, the department of management shall not
6 certify the county's taxes back to the county auditor
7 under section 24.17.

8 Sec. 5. Section 331.434, unnumbered paragraph 1,
9 Code 2011, is amended to read as follows:

10 Annually, the board of each county, subject to
11 section 331.403, subsection 4, sections 331.423
12 through 331.426, and other applicable state law, shall
13 prepare and adopt a budget, certify taxes, and provide
14 appropriations as follows:

15 Sec. 6. Section 331.434, subsection 1, Code 2011,
16 is amended to read as follows:

17 1. The budget shall show the amount required for
18 each class of proposed expenditures, a comparison of
19 the amounts proposed to be expended with the amounts
20 expended for like purposes for the two preceding years,
21 the revenues from sources other than property taxation,
22 and the amount to be raised by property taxation, in
23 the detail and form prescribed by the director of the
24 department of management. For each county that has
25 established an urban renewal area, the budget shall
26 include estimated and actual tax increment financing
27 revenues and all estimated and actual expenditures of
28 the revenues, proceeds from debt and all estimated
29 and actual expenditures of the debt proceeds, and
30 ~~identification of any entity receiving a direct payment~~
31 ~~of taxes funded by tax increment financing revenues~~
32 ~~and shall include the total amount of loans, advances,~~
33 ~~indebtedness, or bonds outstanding at the close of~~
34 ~~the most recently ended fiscal year, which qualify~~
35 ~~for payment from the special fund created in section~~
36 ~~403.19, including interest negotiated on such loans,~~
37 ~~advances, indebtedness, or bonds. For purposes of this~~
38 ~~subsection, "indebtedness" includes written agreements~~
39 ~~whereby the county agrees to suspend, abate, exempt,~~
40 ~~rebate, refund, or reimburse property taxes, provide a~~
41 ~~grant for property taxes paid, or make a direct payment~~
42 ~~of taxes, with moneys in the special fund. The amount~~
43 ~~of loans, advances, indebtedness, or bonds shall be~~
44 ~~listed in the aggregate for each county reporting. The~~
45 ~~county finance committee, in consultation with the~~
46 ~~department of management and the legislative services~~
47 ~~agency, shall determine reporting criteria and shall~~
48 ~~prepare a form for reports filed with the department~~
49 ~~pursuant to this section. The department shall make~~
50 ~~the information available by electronic means.~~

1 Sec. 7. Section 357H.9, Code 2011, is amended to
2 read as follows:

3 **357H.9 Incremental property taxes.**

4 1. The board of trustees shall provide by
5 resolution that taxes levied on the taxable property
6 in a rural improvement zone each year by or for the
7 benefit of the state, city, county, school district,
8 or other taxing district after the effective date of
9 the resolution shall be divided as provided in section
10 403.19, subsections 1 and 2, in the same manner as
11 if the taxable property in the rural improvement zone
12 was taxable property in an urban renewal area and
13 the resolution was an ordinance within the meaning of
14 those subsections. The taxes received by the board
15 of trustees shall be allocated to, and when collected
16 be paid into, a special fund and may be irrevocably
17 pledged by the trustees to pay the principal of
18 and interest on the certificates, contracts, or
19 other obligations approved by the board of trustees
20 to finance or refinance, in whole or in part, an
21 improvement project. As used in this section, "taxes"
22 includes, but is not limited to, all levies on an ad
23 valorem basis upon land or real property located in the
24 rural improvement zone.

25 2. a. Each board of trustees that has by
26 resolution provided for a division of revenue in the
27 rural improvement zone during the most recently ended
28 fiscal year shall complete and file with the department
29 of management a tax increment financing report by
30 December 1 following the end of such fiscal year. The
31 report shall be approved by the affirmative vote of a
32 majority of the board of trustees and be prepared in
33 the format and submitted electronically pursuant to the
34 instructions prescribed by the department of management
35 in consultation with the legislative services agency.

36 b. The report required under this subsection shall
37 include substantially the same information required for
38 counties under section 331.403, subsection 3, as of
39 June 30 of the most recently ended fiscal year or the
40 information for such fiscal year, as applicable.

41 c. By December 1, 2012, the department of
42 management, shall make publicly available on an
43 internet site a searchable database of all such
44 information contained in the reports required under
45 this subsection. Reports from previous years shall be
46 retained by the department and shall continue to be
47 available and searchable on the internet site.

48 d. A board of trustees that fails to satisfy the
49 requirements of this subsection shall have all future
50 incremental taxes withheld from payment into the rural

1 improvement zone's special fund until such requirements
2 are met.

3 Sec. 8. Section 384.16, unnumbered paragraph 1,
4 Code 2011, is amended to read as follows:

5 Annually, a city that has satisfied the requirements
6 of section 384.22, subsection 3, shall prepare and
7 adopt a budget, and shall certify taxes as follows:

8 Sec. 9. Section 384.16, subsection 1, paragraphs b
9 and c, Code 2011, are amended to read as follows:

10 b. A budget must show comparisons between the
11 estimated expenditures in each program in the following
12 year, the latest estimated expenditures in each program
13 in the current year, and the actual expenditures
14 in each program from the annual ~~report~~ reports as
15 provided in section 384.22, or as corrected by a
16 subsequent audit report. Wherever practicable, as
17 provided in rules of the committee, a budget must show
18 comparisons between the levels of service provided
19 by each program as estimated for the following year,
20 and actual levels of service provided by each program
21 during the two preceding years. For each city that has
22 established an urban renewal area, the budget shall
23 include estimated and actual tax increment financing
24 revenues and all estimated and actual expenditures of
25 the revenues, proceeds from debt and all estimated
26 and actual expenditures of the debt proceeds, ~~and~~
27 ~~identification of any entity receiving a direct payment~~
28 ~~of taxes funded by tax increment financing revenues~~
29 ~~and shall include the total amount of loans, advances,~~
30 ~~indebtedness, or bonds outstanding at the close of~~
31 ~~the most recently ended fiscal year, which qualify~~
32 ~~for payment from the special fund created in section~~
33 ~~403.19, including interest negotiated on such loans,~~
34 ~~advances, indebtedness, or bonds. The amount of loans,~~
35 ~~advances, indebtedness, or bonds shall be listed in the~~
36 ~~aggregate for each city reporting. The city finance~~
37 ~~committee, in consultation with the department of~~
38 ~~management and the legislative services agency, shall~~
39 ~~determine reporting criteria and shall prepare a form~~
40 ~~for reports filed with the department pursuant to this~~
41 ~~section. The department shall make the information~~
42 ~~available by electronic means.~~

43 c. ~~For purposes of this subsection, "indebtedness"~~
44 ~~includes written agreements whereby the city agrees to~~
45 ~~suspend, abate, exempt, rebate, refund, or reimburse~~
46 ~~property taxes, provide a grant for property taxes~~
47 ~~paid, or make a direct payment of taxes, with moneys~~
48 ~~in the special fund.~~

49 Sec. 10. Section 384.22, Code 2011, is amended to
50 read as follows:

1 384.22 Annual report reports — financial report —
2 urban renewal report.

3 1. Not later than December 1 of each year, a city
4 shall publish an annual financial report as provided in
5 section 362.3 containing a summary for the preceding
6 fiscal year of all collections and receipts, all
7 accounts due the city, and all expenditures, the
8 current public debt of the city, and the legal debt
9 limit of the city for the current fiscal year. The
10 annual financial report shall be prepared on forms and
11 pursuant to instructions prescribed by the auditor of
12 state. ~~A copy of this report must be filed with the~~
13 ~~auditor of state not later than December 1 of each~~
14 ~~year.~~

15 ~~A city that fails to meet the filing deadline~~
16 ~~imposed by this section shall have withheld from~~
17 ~~payments to be made to the county which are allocated~~
18 ~~to the city pursuant to section 425.1 an amount equal~~
19 ~~to five cents per capita until the annual report is~~
20 ~~filed with the auditor of state.~~

21 2. a. Each city that had an urban renewal plan and
22 area in effect at any time during the most recently
23 ended fiscal year shall complete for each such urban
24 renewal plan and area and file with the department
25 of management an urban renewal report by December 1
26 following the end of such fiscal year. Each report
27 shall be approved by the affirmative vote of a
28 majority of the city council and be prepared in the
29 format and submitted electronically pursuant to the
30 instructions prescribed by the department of management
31 in consultation with the legislative services agency.

32 b. The report required under this subsection shall
33 include all of the following as of June 30 of the most
34 recently ended fiscal year:

35 (1) Whether the urban renewal area is determined
36 by the city to be a slum area, blighted area, economic
37 development area or a combination of those areas, and
38 the date such determination was made.

39 (2) A map clearly identifying the boundaries of the
40 urban renewal area.

41 (3) A copy of the ordinance providing for a
42 division of revenue in the urban renewal area under
43 section 403.19.

44 (4) A copy of the urban renewal plan adopted for
45 the urban renewal area, the date of each amendment to
46 the plan, and a copy of such amendment.

47 (5) A list and description of all urban renewal
48 projects within the urban renewal area that are in
49 process and all urban renewal projects that were
50 completed during the fiscal year.

1 (6) A description of each expenditure during
2 the fiscal year from the city's special fund created
3 in section 403.19. Each such expenditure shall
4 be classified by the city according to categories
5 established by the department of management and shall
6 be designated as corresponding to the specific loan,
7 advance, indebtedness, or bond which qualifies for
8 payment from the special fund under section 403.19.
9 Each such expenditure shall also be designated as
10 corresponding to one or more specific urban renewal
11 projects. This description shall not be required for
12 the report required to be filed on or before December
13 1, 2012.

14 (7) The amount of loans, advances, indebtedness,
15 or bonds, including interest negotiated on such loans,
16 advances, indebtedness, or bonds, which qualify for
17 payment from the special fund created in section
18 403.19, and which were incurred or issued during the
19 fiscal year. Each such loan, advance, debt, or bond
20 shall be classified by the city according to categories
21 established by the department of management and shall
22 be designated as corresponding to one or more specific
23 urban renewal projects.

24 (8) The amount of loans, advances, indebtedness,
25 or bonds that remain unpaid at the close of the fiscal
26 year, and which qualify for payment from the special
27 fund created in section 403.19, including interest
28 negotiated on such loans, advances, indebtedness, or
29 bonds.

30 (9) The total amount of property taxes that were
31 exempted, rebated, refunded, or reimbursed by the city,
32 used to fund a grant provided by the city, or directly
33 paid by the city during the fiscal year for property
34 in the urban renewal area using moneys in the city's
35 special fund created in section 403.19 and such amounts
36 agreed to by the city for future fiscal years.

37 (10) A list of all properties, including the owner
38 of such properties, and the amount of property taxes
39 due and payable for the fiscal year that were exempted,
40 rebated, refunded, or reimbursed by the city, used to
41 fund a grant provided by the city, or directly paid
42 by the city during the fiscal year using moneys in
43 the city's special fund created in section 403.19 and
44 information for such amounts agreed to by the city for
45 future fiscal years.

46 (11) The balance of the city's special fund created
47 in section 403.19.

48 (12) The aggregate assessed value of the taxable
49 property in the urban renewal area, as shown on the
50 assessment roll used to calculate the amount of taxes

1 under section 403.19, subsection 1, for the fiscal
2 year.

3 (13) The aggregate assessed value of each
4 classification of taxable property located in the urban
5 renewal area.

6 (14) That portion of the assessed value of all
7 taxable property located in the urban renewal area that
8 was used to calculate the amount of excess taxes under
9 section 403.19, subsection 2.

10 (15) The amount of taxes determined under section
11 403.19, subsection 2, in excess of the amount required
12 to pay the applicable loans, advances, indebtedness,
13 and bonds, if any, and interest thereon, for the fiscal
14 year that was paid into the funds for the respective
15 taxing districts in the same manner as taxes on all
16 other property.

17 (16) Interest or earnings received by each urban
18 renewal area during the fiscal year on amounts
19 deposited into the special fund created in section
20 403.19 and the net proceeds during the fiscal year from
21 the sale of assets purchased using amounts deposited
22 into the special fund created in section 403.19.

23 (17) For each taxing district for which the
24 city divided taxes, the amount of taxes determined
25 under section 403.19, subsection 2, that, in lieu of
26 allocation to the taxing district, were deposited into
27 the city's special fund during the fiscal year.

28 (18) The amount of expenditures by the city during
29 the fiscal year for the purpose of providing or aiding
30 in the provision of public improvements related to
31 housing and residential development.

32 (19) The amount and types of assistance to low and
33 moderate income housing provided by the city under
34 section 403.22 during the fiscal year if applicable.

35 (20) All other additional information or
36 documentation relating to a city's urban renewal
37 activities or use of divisions of revenue under chapter
38 403 deemed relevant by the department of management, in
39 consultation with the city finance committee.

40 c. By December 1, 2012, the department of
41 management, in collaboration with the legislative
42 services agency, shall make publicly available on
43 an internet site a searchable database of all such
44 information contained in the reports required under
45 this subsection. Reports from previous years shall be
46 retained by the department and shall continue to be
47 available and searchable on the internet site.

48 d. For purposes of this subsection, "indebtedness"
49 includes but is not limited to written agreements
50 whereby the city agrees to exempt, rebate, refund, or

1 reimburse property taxes, provide a grant for property
2 taxes paid, or make a direct payment of taxes, with
3 moneys in the special fund created in section 403.19,
4 and bonds, notes, or other obligations that are secured
5 by or subject to repayment from moneys appropriated by
6 the city from moneys in the special fund created in
7 section 403.19.

8 3. The annual financial report shall be prepared on
9 forms and pursuant to instructions prescribed by the
10 auditor of state and shall be filed with the auditor
11 of state. The urban renewal report shall be filed
12 with the department of management. Each report must
13 be filed prior to the publication and adoption of
14 the city budget under section 384.16 for the fiscal
15 year beginning July 1 following the date such reports
16 are due. If such reports are not filed pursuant to
17 the requirements of this section, the department of
18 management shall not certify the city's taxes back to
19 the county auditor under section 24.17.

20 Sec. 11. Section 403.5, subsection 2, paragraph b,
21 Code 2011, is amended to read as follows:

22 b. (1) Prior to its approval of an urban renewal
23 plan which provides for a division of revenue pursuant
24 to section 403.19, the municipality shall mail the
25 proposed plan by regular mail to the affected taxing
26 entities. The municipality shall include with the
27 proposed plan notification of a consultation to be held
28 between the municipality and affected taxing entities
29 prior to the public hearing on the urban renewal
30 plan. If the proposed urban renewal plan or proposed
31 urban renewal project within the urban renewal area
32 includes the use of taxes resulting from a division of
33 revenue under section 403.19 for a public building,
34 including but not limited to a police station, fire
35 station, administration building, swimming pool,
36 hospital, library, recreational building, city hall,
37 or other public building that is exempt from taxation,
38 including the grounds of, and the erection, equipment,
39 remodeling, or reconstruction of, and additions or
40 extensions to, such a building, the municipality shall
41 include with the proposed plan notification an analysis
42 of alternative development options and funding for the
43 urban renewal area or urban renewal project and the
44 reasons such options would be less feasible than the
45 proposed urban renewal plan or proposed urban renewal
46 project. A copy of the analysis required in this
47 subparagraph shall be included with the urban renewal
48 report required under section 331.403 or 384.22, as
49 applicable, and filed by December 1 following adoption
50 of the urban renewal plan or project.

1 (2) Each affected taxing entity may appoint a
2 representative to attend the consultation. The
3 consultation may include a discussion of the estimated
4 growth in valuation of taxable property included in
5 the proposed urban renewal area, the fiscal impact
6 of the division of revenue on the affected taxing
7 entities, the estimated impact on the provision of
8 services by each of the affected taxing entities in the
9 proposed urban renewal area, and the duration of any
10 bond issuance included in the plan. The designated
11 representative of the affected taxing entity may
12 make written recommendations for modification to
13 the proposed division of revenue no later than seven
14 days following the date of the consultation. The
15 representative of the municipality shall, no later
16 than seven days prior to the public hearing on the
17 urban renewal plan, submit a written response to the
18 affected taxing entity addressing the recommendations
19 for modification to the proposed division of revenue.

20 Sec. 12. Section 403.5, subsection 5, Code 2011, is
21 amended to read as follows:

22 5. a. An Except as otherwise provided in this
23 subsection, an urban renewal plan may be modified at
24 any time: Provided, that if. However, if the urban
25 renewal plan is modified after the lease or sale by
26 the municipality of real property in the urban renewal
27 project area, such modification may be conditioned upon
28 such approval of the owner, lessee, or successor in
29 interest as the municipality may deem advisable, and in
30 any event such modification shall be subject to such
31 rights at law or in equity as a lessee or purchaser, or
32 a lessee's or purchaser's successor or successors in
33 interest, may be entitled to assert.

34 b. A municipality shall not approve an urban
35 renewal project for an urban renewal area unless the
36 governing body has amended or modified the adopted
37 urban renewal plan to include the urban renewal
38 project.

39 c. The municipality shall comply with the
40 notification, and consultation, and hearing process
41 provided in this section prior to the approval of any
42 amendment or modification to an adopted urban renewal
43 plan if such amendment or modification provides for
44 refunding bonds or refinancing resulting in an increase
45 in debt service or provides for the issuance of bonds
46 or other indebtedness, to be funded primarily in the
47 manner provided in section 403.19, or if such amendment
48 or modification provides for the inclusion and approval
49 of an urban renewal project under paragraph "b".

50 d. Once determined to be a blighted area, a

1 slum area, or an economic development area by a
2 municipality, an urban renewal area shall not be
3 redetermined by the municipality throughout the
4 duration of the urban renewal area.

5 Sec. 13. Section 403.17, subsection 1, Code 2011,
6 is amended to read as follows:

7 1. "*Affected taxing entity*" means a city, ~~community~~
8 ~~college~~, county, or school district which levied or
9 certified for levy a property tax on any portion of the
10 taxable property located within the urban renewal area
11 in the fiscal year beginning prior to the calendar year
12 in which a proposed urban renewal plan is submitted to
13 the local governing body for approval.

14 Sec. 14. Section 403.19, subsection 1, Code
15 Supplement 2011, is amended by adding the following new
16 paragraph:

17 NEW PARAGRAPH. d. Notwithstanding any provision
18 of this chapter to the contrary, an ordinance adopted
19 on or after the effective date of this Act that
20 provides for a division of revenue under this section
21 for an urban renewal area containing wind energy
22 conversion property as defined in section 427B.26
23 shall be limited in duration to ten years following
24 adoption of the ordinance. Revenue divided in an
25 urban renewal area described in this paragraph shall
26 only be used by the municipality for the construction,
27 reconstruction, improvement, repair, or equipping of
28 bridges, roads, and culverts under the jurisdiction of
29 the municipality.

30 Sec. 15. Section 403.19, subsection 6, paragraph
31 a, subparagraph (1), Code Supplement 2011, is amended
32 to read as follows:

33 (1) A municipality shall certify to the county
34 auditor on or before December 1 the amount of loans,
35 advances, indebtedness, or bonds, including interest
36 negotiated on such loans, advances, indebtedness,
37 or bonds, which qualify for payment from the special
38 fund referred to in subsection 2, for each urban
39 renewal area in the municipality, and the filing of
40 the certificate shall make it a duty of the auditor to
41 provide for the division of taxes in each subsequent
42 year without further certification, except as provided
43 in paragraphs "b" and "c", until the amount of the
44 loans, advances, indebtedness, or bonds is paid to the
45 special fund. Such certification shall include all
46 amounts which qualify for payment from the special fund
47 referred to in subsection 2 during the next fiscal
48 year and all amounts which qualify for payment from
49 the special fund in any subsequent fiscal year. If
50 any loans, advances, indebtedness, or bonds are issued

1 which qualify for payment from the special fund and
2 which are in addition to amounts already certified,
3 the municipality shall certify the amount of the
4 additional obligations on or before December 1 of the
5 year such obligations were issued, and the filing of
6 the certificate shall make it a duty of the auditor to
7 provide for the division of taxes in each subsequent
8 year without further certification, except as provided
9 in paragraphs "b" and "c", until the amount of the
10 loans, advances, indebtedness, or bonds is paid to the
11 special fund. Any subsequent certifications under
12 this subsection shall not include amounts previously
13 certified.

14 Sec. 16. Section 403.19, subsection 6, Code
15 Supplement 2011, is amended by adding the following new
16 paragraph:

17 NEW PARAGRAPH. d. For purposes of this section,
18 "indebtedness" includes but is not limited to written
19 agreements whereby the municipality agrees to exempt,
20 rebate, refund, or reimburse property taxes, provide a
21 grant for property taxes paid, or make a direct payment
22 of taxes, with moneys in the special fund referred to
23 in subsection 2, and bonds, notes, or other obligations
24 that are secured by or subject to payment from moneys
25 appropriated by the municipality from moneys in the
26 special fund referred to in subsection 2.

27 Sec. 17. Section 403.19, Code Supplement 2011, is
28 amended by adding the following new subsection:

29 NEW SUBSECTION. 9. a. Moneys from any source
30 deposited into the special fund created in this
31 section shall not be expended for or otherwise used in
32 connection with an urban renewal project approved on or
33 after the effective date of this Act that includes the
34 relocation of a commercial or industrial enterprise not
35 presently located within the municipality, unless one
36 of the following occurs:

37 (1) The local governing body of the municipality
38 where the commercial or industrial enterprise is
39 currently located and the local governing body of
40 the municipality where the commercial or industrial
41 enterprise is proposing to relocate have either entered
42 into a written agreement concerning the relocation of
43 the commercial or industrial enterprise or have entered
44 into a written agreement concerning the general use of
45 economic incentives to attract commercial or industrial
46 development within those municipalities.

47 (2) The local governing body of the municipality
48 where the commercial or industrial enterprise is
49 proposing to relocate finds that the use of deposits
50 into the special fund for an urban renewal project that

1 includes such a relocation is in the public interest.
2 A local governing body's finding that an urban renewal
3 project that includes a commercial or industrial
4 enterprise relocation is in the public interest shall
5 include written verification from the commercial or
6 industrial enterprise that the enterprise is actively
7 considering moving all or a part of its operations to a
8 location outside the state and a specific finding that
9 such an out-of-state move would result in a significant
10 reduction in either the enterprise's total employment
11 in the state or in the total amount of wages earned by
12 employees of the enterprise in the state.

13 **b.** For the purposes of this subsection,
14 "relocation" means the closure or substantial reduction
15 of an enterprise's existing operations in one area of
16 the state and the initiation of substantially the same
17 operation in the same county or a contiguous county
18 in the state. This subsection does not prohibit an
19 enterprise from expanding its operations in another
20 area of the state provided that existing operations
21 of a similar nature are not closed or substantially
22 reduced.

23 Sec. 18. Section 403.19, Code Supplement 2011, is
24 amended by adding the following new subsection:

25 NEW SUBSECTION. 10. **a.** Interest or earnings
26 received on amounts deposited into the special fund
27 created in this section and the net proceeds from the
28 sale of assets purchased using amounts deposited into
29 the special fund created in this section shall be
30 credited to the special fund and shall be used solely
31 for the purposes specified in this section.

32 **b.** Moneys in the special fund created in this
33 section shall not be transferred to another fund of the
34 municipality except for the payment of loans, advances,
35 indebtedness, or bonds that qualify for payment from
36 the special fund.

37 Sec. 19. NEW SECTION. **403.23 Audit — certificate**
38 **of compliance.**

39 1. Each municipality that has established an
40 urban renewal area that utilizes, or plans to
41 utilize, revenues from the special fund created in
42 section 403.19, shall make an annual certification of
43 compliance with this section. For any year in which
44 the municipality is audited in accordance with section
45 11.6, such certification shall be audited as part of
46 the municipality's audit.

47 2. The certification required under this section
48 shall include such information or documentation deemed
49 appropriate by the auditor of state including but not
50 limited to the information required to be reported

1 under section 331.403, subsection 3, or section 384.22,
2 subsection 2, as applicable.

3 3. The auditor of state shall adopt rules necessary
4 to implement this section.

5 Sec. 20. Section 423B.10, subsection 2, Code 2011,
6 is amended to read as follows:

7 2. a. An Upon approval by the board of supervisors
8 of each applicable county pursuant to paragraph

9 "b", an eligible city may by ordinance of the city
10 council provide for the use of a designated amount of
11 the increased local sales and services tax revenues
12 collected under this chapter which are attributable
13 to retail establishments in an urban renewal area to
14 fund urban renewal projects located in the area. The
15 designated amount may be all or a portion of such
16 increased revenues.

17 b. A city shall not adopt an ordinance under
18 paragraph "a" unless the board of supervisors of
19 each county where the urban renewal area from which
20 such local sales and services tax revenues are to be
21 collected and used to fund urban renewal projects
22 is located first adopts a resolution approving the
23 collection and use of such local sales and services tax
24 revenues.

25 Sec. 21. IMPLEMENTATION OF ACT. Section 25B.2,
26 subsection 3, shall not apply to this Act.

27 Sec. 22. APPLICABILITY. The provisions of this
28 Act prohibiting the department of management from
29 certifying taxes back to the county auditor under
30 section 24.17 if a county, under section 331.403,
31 subsection 4, or a city, under section 384.22,
32 subsection 3, fails to meet the reporting requirements
33 of sections 331.403 and 384.22, as applicable, or the
34 provision of this Act requiring that incremental taxes
35 be withheld from payment to a rural improvement zone if
36 the rural improvement zone fails to meet the reporting
37 requirement of section 357H.9, subsection 2, shall not
38 apply to the report required to be filed on or before
39 December 1, 2012.

40 Sec. 23. APPLICABILITY. The section of this Act
41 amending section 423B.10 applies to city ordinances
42 adopted under section 423B.10 on or after the effective
43 date of this Act.>

44 2. Title page, by striking lines 1 through 5 and
45 inserting <An Act relating to Iowa's urban renewal law
46 and incremental taxes by modifying provisions relating
47 to divisions of revenue, modifying provisions relating
48 to the approval of urban renewal plans and projects and
49 approval of the use of certain local sales and services
50 tax revenue, requiring certain reporting and auditing,

1 and including applicability provisions.>

COMMITTEE ON WAYS AND MEANS
JOE BOLKCOM, CHAIRPERSON